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8 September 1973

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SUDAN: The potentially crippling strike of the Railway Workers Union is thus far less than complete. Government efforts, including the arrests of some union officials and the army's occupation of rail workshops, split the union leadership. Several pro-government union officials called for an end to the strike yesterday, and some trains are moving essential supplies. Meanwhile, President Numayri is considering his next moves to ease the crisis; he is expected to address the nation today. For now, the capital is quiet with the army continuing to man strategic positions. Anti-government elements, however, are almost certainly looking for further opportunities for disruptive actions.

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INDIA: The Indian Parliament has enacted new regulations giving the government wide discretionary powers to control private foreign businesses. The principal new regulations restrict foreign equity to no more than 40 percent, prohibit exclusive distributorships selling foreign products, and restrict the use of foreign brand names. The government is committed to reducing dependence on foreign firms.

New Delhi is serious about curbing all foreign investment except that which earns foreign exchange through exports or obtains needed foreign technology. Government officials have stated that, under the new law, commercial and manufacturing firms will be advised either to convert to at least 60 percent Indian equity or to diversify into the export sector.

Commercial companies represent only a small fraction of US investment. A number of US firms--including Coca Cola, Colgate Palmolive, and several pharmaceutical firms--are manufacturers of products that do not have high priority and they will be hard hit by the new law. Major US investment in India is concentrated in the priority category of petroleum refining which will be exempt from controls on equity dilution. This industry, however, has already been subjected to government regulations that squeeze profits and restrict marketing operations.



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INDONESIA: The export price of Indonesian crude oil will be raised substantially, in line with recent price hikes by other oil exporting countries. Beginning on 1 October buyers will pay a minimum of \$4.75 per barrel, an increase of more than 25 percent from the current price of \$3.73 per barrel. Almost three fourths of Indonesia's crude oil production of roughly 1.3 million barrels per day is shipped to Japan, and accounts for 15 percent of Japan's total imports of crude oil. With the price increase in effect, Japan's 1973 import bill for crude petroleum probably will exceed \$5 billion. [REDACTED]

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Ecuador: An official delegation headed by Air Force Chief Izurieta is concluding an arms-purchasing trip to the USSR and Britain. The Ecuadoreans apparently are determined to acquire sophisticated jet fighters that cannot be acquired from the United States because of restrictions on sales to Ecuador.

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**These items were prepared by CIA without consultation with the Departments of State and Defense.*

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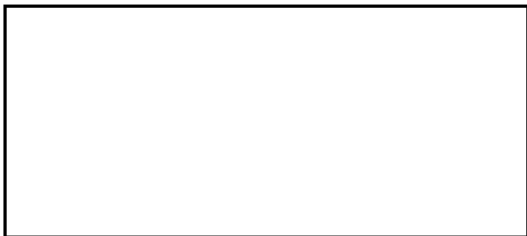
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